Guinness Asian Equity Income Fund

Investment Commentary - July 2022

ABOUT THE FUND

Launch	19.12.2013
Benchmark	MSCI AC Pacific ex Japan
Sector	IA Asia Pacific Excluding Japan
Team	Edmund Harriss (Co-manager) Mark Hammonds (Co-manager) Sharukh Malik

Aim

The Guinness Asian Equity Income Fund is designed to provide investors with exposure to high quality dividend-paying companies in the Asia Pacific region. The Fund aims to provide long-term capital appreciation and a source of income that has the potential to grow over time. The Fund is actively managed and uses the MSCI AC Pacific ex Japan index as a comparator benchmark only.

RISK

Lower Risk						Higher Risk
1	2	3	4	5	**6**	7

Typically lower rewards — Typically higher rewards

The risk and reward indicator shows where the Fund ranks in terms of its potential risk and return. The Fund has been classed as 6 because its volatility has been measured as above average to high. Historic data may not be a reliable indicator for the future. The Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested.

PERFORMANCE

Past performance does not predict future returns.

	1 Yr	3 Yrs	5 Yrs	Launch*
Fund	-1.3	16.0	28.2	123.2
Index	-15.1	9.3	22.8	86.6
Sector	-10.8	16.4	30.4	100.7

Full discrete 12m performance is shown at the end of this commentary. Source: FE fundinfo, bid to bid, total return. *Launch: 19/12/2013. Investors should note that fees and expenses are charged to the capital of the Fund. This reduces the return on your investment by an amount equivalent to the Ongoing Charges Figure (OCF). The fund performance shown has been reduced by the current OCF of 0.89% per annum. Returns for share classes with a different OCF will vary accordingly. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

SUMMARY: PERFORMANCE

In second quarter of 2022, the Fund fell -1.3% (Class Y, in GBP) but outperformed the MSCI AC Pacific ex Japan Net Total Return Index benchmark which fell –2.6%.

The Fund also outperformed both the Value and the High Dividend Yield indices. The former has a higher exposure to cyclical industries whilst the latter is focused on dividends which, although (or because) they are higher than the market average, tend not to grow. Both these groups are vulnerable in an environment of higher inflation, higher interest rates and declining or negative economic growth.

SUMMARY: ASIAN MARKETS

Market expectations of entrenched inflation and thus higher-for-longer interest rates took hold in the second quarter, which meant that cyclical names and those paying high (but not growing) dividends have started to look less attractive. Profitable, more mature companies, generating strong and growing cash flows (which can fund a growing dividend stream) are coming more into focus, which underpins the Fund's relative performance in June and the second quarter.

Market performance in the quarter revealed a clear divergence: China and Hong Kong, as measured by the respective MSCI country indices, rose 12% and 7% respectively in GBP terms, whereas Australia, Korea, Singapore and Taiwan fell between -10% and -15%. On a sector basis, Consumer Discretionary and Consumer Staples rallied hardest, climbing 14% and 8% respectively, driven by China. The weakest sectors were Technology -14%, mostly accounted for by Taiwan, and Materials -11%, led by Australian materials stocks which fell -15%.

The outperformance of the Fund over the benchmark this year cannot be attributed simply to China alone.

In the first four months of the year the Fund beat its benchmark by 2.8%, during which time MSCI China underperformed the region by -6.5%. However, in May and June, the Fund's Chinese exposure did contribute to the Fund's incremental outperformance of 0.3% by offsetting significant weakness elsewhere. In the first quarter Chinese exposure worked against us; in the second quarter it worked with us.

	2Q 2022	1H 2022	1 year	3 years	5 years	Since Launch (19/12/2013)
Guinness Asian Equity Income Fund	**-1.3%**	**-3.2%**	**-1.3%**	**16.0%**	**28.2%**	**123.2%**
MSCI AC Pacific ex Japan Index	-2.6%	-6.0%	-15.1%	9.3%	22.8%	86.6%
MSCI AC Asia Pacific ex Japan Value Index	-2.7%	-0.7%	-5.3%	6.6%	16.2%	71.2%
MSCI AC Asia Pacific ex Japan High Dividend Yield Index	-3.9%	1.6%	1.8%	6.2%	19.4%	65.7%

Cumulative Total Return Y share class in GBP, as of 30th June 2022. Source: FE fundinfo.

SUMMARY: PORTFOLIO HOLDINGS

At the portfolio level, nine of the top 10 best performers during the quarter were Chinese or Hong Kong stocks. Improving conditions lifted Suofeiya Home Collection and Chinese Overseas Land & Investment, which are both exposed to the Real Estate sector. These stocks are up 34% and 53% respectively this year. The other seven Chinese stocks were drawn from the Consumer Discretionary, Consumer Staples, Health Care and Utilities sectors. We would also note that the top 10 included all three of our mainland China listed A-shares.

Weaker stocks were mostly technology-related (Novatek Microelectronics, Elite Material, Tech Mahindra, Taiwan Semiconductor,) and fell due to a mixture of concerns on semiconductor demand, existing inventories and the outlook for consumer electronics. Share price declines (in GBP terms) range from -17% for TSMC to -31% for Tech Mahindra. Nevertheless, we think that these stocks all have a sound operating outlook (cash generation, product development, market position etc) even if the market does not like them today. Other weak performers in the period include Australian companies JB Hi-Fi and Corporate Travel Management, Korean stocks Hanon Systems and Korea Reinsurance, Nien Made Enterprise in Taiwan and DBS in Singapore.

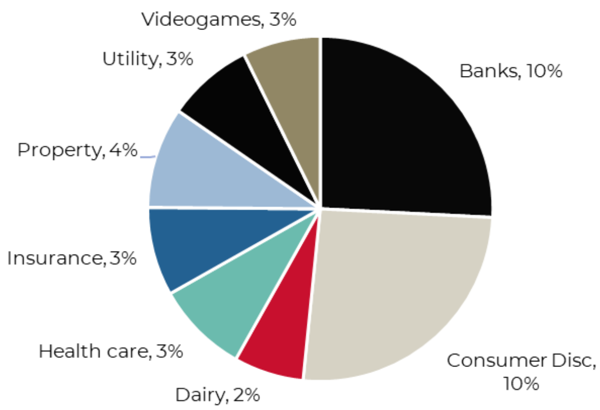
There were no changes during the quarter.

SUMMARY: PORTFOLIO POSITIONING

The largest country exposures in the Fund are to China at 38% followed by Taiwan at 19%, Australia at 9.5% and Singapore at 8%. China exposure is equal to the benchmark weight; Singapore is 5% over and Taiwan is 4% over, while Australia is 8% under the benchmark weight. Korea is 7% underweight relative to the benchmark.

The Fund's Chinese exposure is predominantly domestically focussed. Only Shenzhou International (a 2.7% position) has an external exposure, being a supplier of fabrics to apparel makers like Adidas, Nike and Uniqlo. Of the 38% overall China exposure, 10% is to Consumer Discretionary, 10% to banks, 3% to each of Communication Services (video games), dairy, health care, insurance, property and utilities. We do not have exposure to the big technology or e-commerce names that dominate the Chinese benchmark because they either do not pay or only pay a small dividend. Taiwanese exposure consists of seven positions, of which six are in the Technology sector, in semiconductors, electrical component makers and electronic assembly. We have no exposure to software services or to the more cyclical memory chip makers.

China exposure in the portfolio



Data as at 30 June 2022. Figures show actual portfolio weights. Source: Guinness Global Investors

By sector, the three largest exposures are the 30% weight in Financials (21% banks, 9% insurance), 21% in Technology and 20% in Consumer Discretionary. These three are overweight against the benchmark by 8%, 5% and 3% respectively. There is 12% in Real Estate, making it 7% overweight, of which 8% is in Real Estate Investment Trusts (REITs). The biggest underweights are in Energy, Materials and Industrials, where we have no exposure. The Energy and Materials complex did well for most of the first half of the year, but both have fallen back in the last two months.

SUMMARY: DIVIDENDS

The Fund's GBP dividend for the first half of the year was 21% above that of 2020 but was 6.4% below that of 2021. The lag between this year and last should not be viewed as significant. There are some timing differences on dividend payments (ex-dates) this year for some companies and increased dividend payments in 2021 as other companies 'caught up' on dividend distributions from 2020 that make short-term comparisons less meaningful. In the first half of this year, based on dividend declarations (some of which will be paid in the second half):

- 23 companies increased
- 3 were unchanged
- 9 fell
- 1 omitted

SUMMARY: PORTFOLIO POSITIONING

The big story in Asia is the easing of conditions in China as the zero-Covid policy lockdowns imposed during the first half are lifted. Inflation in China is more moderate than in the rest of the world, with producer prices rising 6.4% YoY in May, well below the peak rate of 13% YoY hit in October 2021, and consumer prices rising 2.1% YoY. This compares favourably to the US, where producer prices and consumer prices were running at 16.7% and 8.6% YoY respectively and to Europe.

There is an unpleasant mix of factors coming together in developed markets. Inflation pressures are not solely the result of strong demand, which interest rates are well suited to address, but also a product of supply-side shortages, where higher interest rates are less effective. The mix of higher prices from the supply side and weaker demand resulting from higher interest rates is the basis for a potentially stagflationary environment. Added to that, rising bond yields increase the interest burden on public finances following a significant increase in public debt during recent years of low interest rates and lifted further by Covid support programmes in 2020. This limits the options available for cyclical support and indeed could result in a higher tax burden on business and consumers.

Our conclusion from this is that China's monetary and cyclical position gives room to the government and central bank to direct policy toward reacceleration of growth, whereas the US and Europe are forced to direct policy toward fighting inflation and accepting the real possibility of recession. There is, of course, the probability that Chinese inflation pressures may emerge as demand recovers, but we think this will take time; the lockdowns were extensive and have had a significant impact on consumer confidence, so we believe this issue is unlikely to arise until next year, by which time higher interest rates and weaker demand elsewhere may have reduced price pressures.

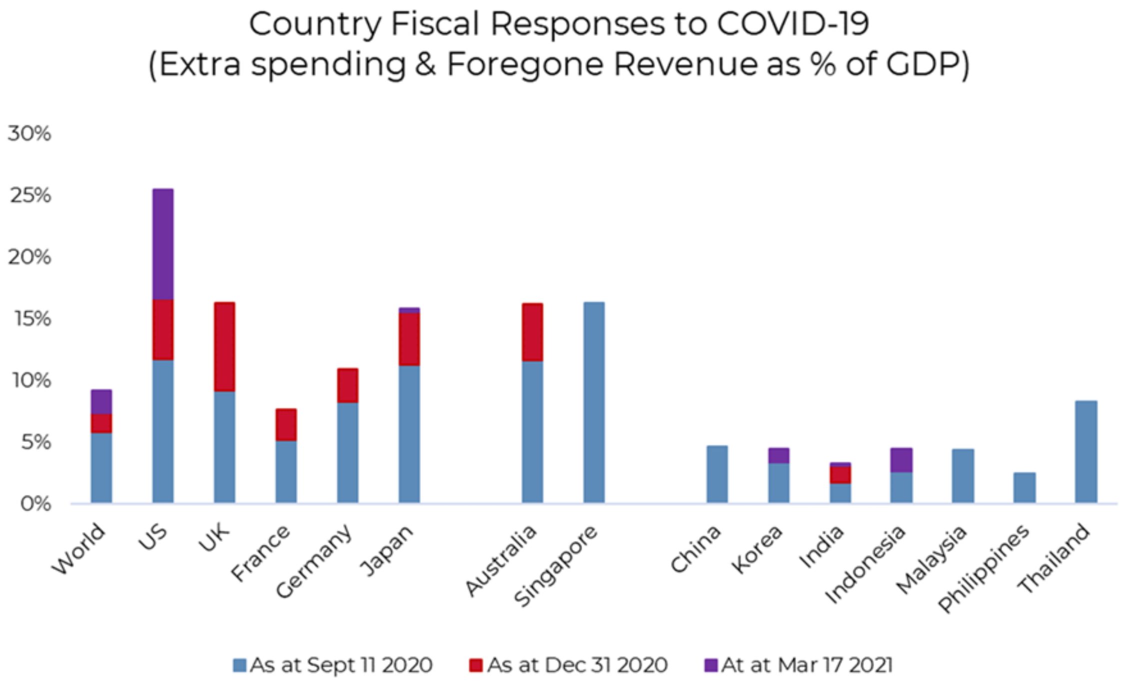
The region may well benefit from a 'China-pull' as activity picks up, but it is likely to be domestic activity rather than exports that is the driver in the short term. Fundamentally, it is our view that the Asian region, which is a global creditor rather than a debtor, is in a stronger position relative to other regions. Domestic or regionally focused companies account for 70% of the portfolio. Of the remaining 30%, technology accounts for 21%, and this can be split further into products aimed at commercial & infrastructure customers (6%) and those for consumer electronics (15%). Non-tech consumer discretionary manufacturing exposure, where the US and Europe are meaningful end-markets, is at 5% and the remaining 4% is in two Australian names, in travel and healthcare.

In this environment we will, therefore, keep a closer eye on the 5% in non-tech export manufacturers and on the 15% exposed to consumer electronics. Exposure to external factors does not mean we think we should exit. We believe we are in businesses that are centres of excellence in terms of management, production processes, product design and customer relationships, indicated by the return on capital achieved over time. Furthermore, we see that because of the cyclical headwinds, their stock valuations are either in line or well below the average valuations over the last 15 years. If the headwinds are cyclical, as we believe, then this is the opportunity to add to these positions. Only structural changes to the business or sector where we think returns on capital above the cost of capital can no longer be sustained would justify changes.

MACRO REVIEW

We consider the Asian region to be less financially extended than developed markets going into this cycle. The region has become more financially robust than it used to be as domestic economic drivers, particularly consumption, have been underpinned by improving household wealth and income.

The proportion of GDP spent by Asian governments on COVID support was substantially less than that spent in developed markets and thus the bill falling due is less onerous:



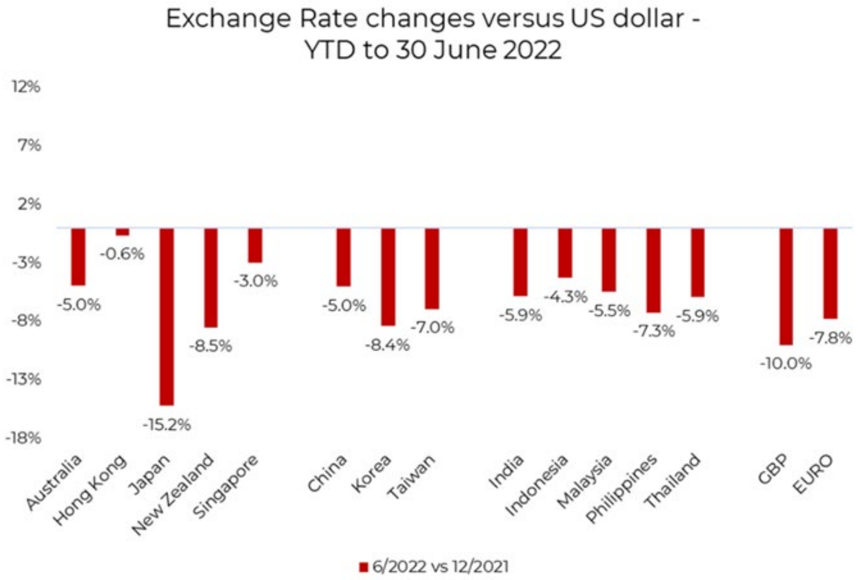
Source: IMF Fiscal Monitor - Database of Country Fiscal Measures in Response to the COVID-19 Pandemic. Data as at 17.03.2021

Public finances in recent years have been solid in the region, as shown in the table below, which shows the current account balance (largely the trade balance) and the fiscal balance (government tax and spending) as a percentage of GDP. These numbers are a world away from the substantial negative balances in the run up to the Asian financial crisis. They also compare favourably with western developed economies.

	Current Account balance as % of GDP							**Fiscal balance as % of GDP**						
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
China	3%	2%	2%	0%	1%	na	3%	-3%	-4%	-4%	-4%	-5%	-6%	-4%
Hong Kong	3%	4%	5%	4%	6%	na	7%	2%	3%	6%	3%	0%	-9%	2%
Korea	7%	7%	5%	5%	4%	na	5%	1%	2%	3%	3%	1%	-3%	-3%
Taiwan	14%	13%	14%	12%	11%	14%	15%	0%	0%	0%	0%	1%	0%	-2%
India	-1%	-2%	-2%	-1%	1%	-1%	-2%	-4%	-4%	-4%	-4%	na	na	-7%
Indonesia	-2%	-2%	-2%	-3%	-3%	0%	0%	-3%	-3%	-3%	-2%	-2%	na	-5%
Malaysia	3%	2%	3%	2%	3%	na	4%	-3%	-3%	-3%	-4%	-3%	na	-7%
Philippines	3%	0%	-1%	-2%	0%	na	-1%	-1%	-2%	-2%	-3%	-3%	-8%	-9%
Singapore	18%	19%	16%	17%	14%	17%	18%	1%	-1%	0%	0%	0%	-5%	-2%
Thailand	7%	11%	10%	6%	7%	na	-2%	-3%	-4%	-4%	-3%	-2%	na	-7%
US	-2%	-2%	-2%	-2%	-2%	-3%	-4%	-3%	-3%	-3%	-4%	-5%	-16%	-11%
Germany	8%	8%	8%	7%	7%	na	7%	1%	1%	1%	2%	2%	-4%	-4%
UK	-5%	-5%	-4%	-4%	-3%	na	-3%	-4%	-3%	-2%	-2%	-2%	-13%	-8%

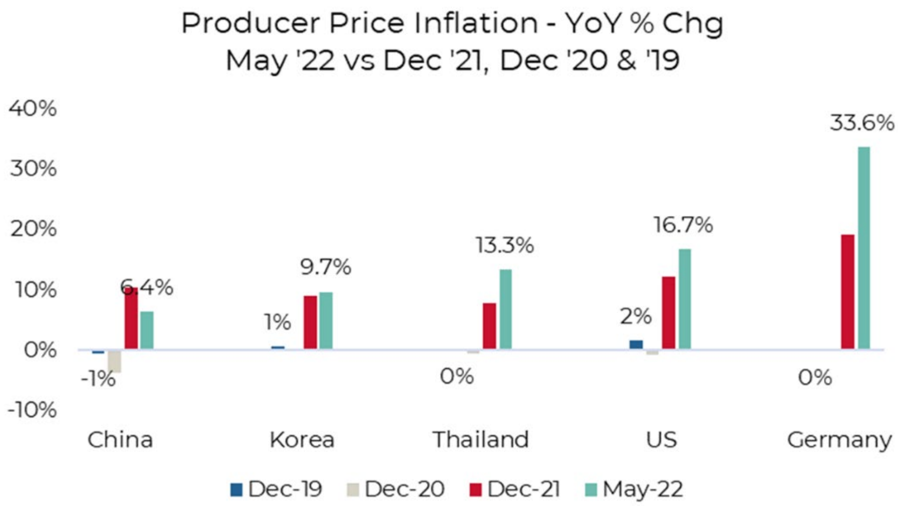
Source: Bloomberg; data as at 09.05.2022. (Where 2020 figure shows “na”, 2021 figure is a Bloomberg data estimate)

The currency markets have reflected this stability, with Asian currencies weaker against the dollar, as is the case with most world currencies, but holding up better than Sterling or the Euro. There have been no currency collapses:



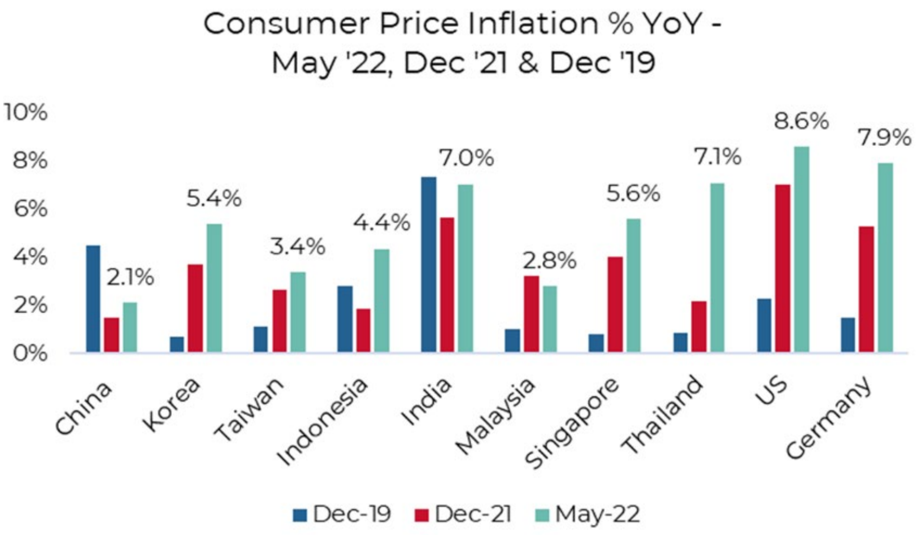
Source: Bloomberg.

Inflation pressures are evident in the region in producer prices:



Sources: China National Bureau of Statistics, Statistics Korea, Thailand Ministry of Commerce, US Bureau of Labor, German Federal Statistics.

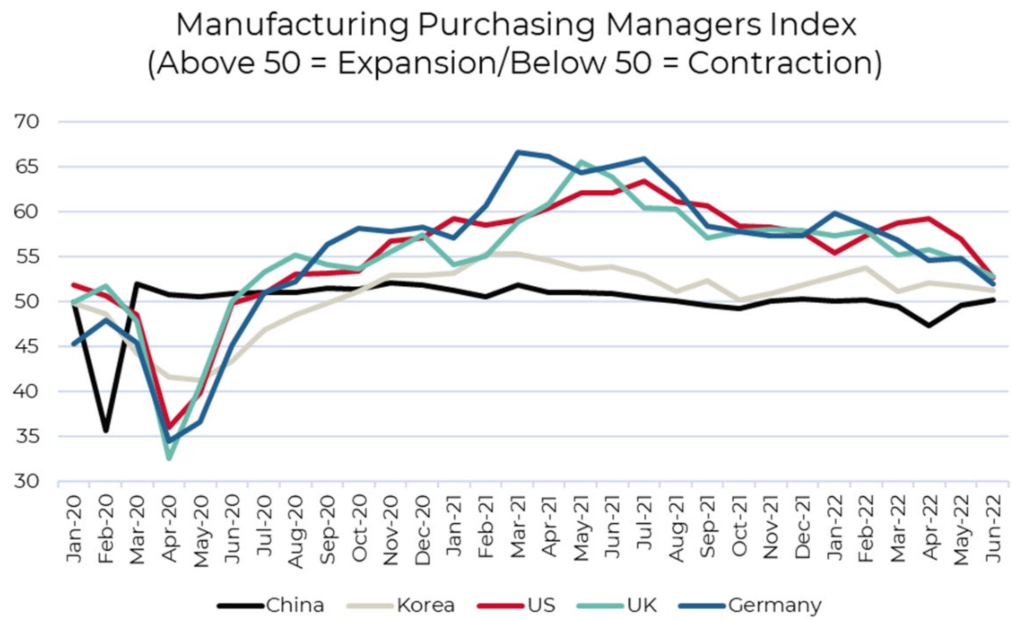
And in consumer prices:



Sources: Official Government/Central Bank statistics

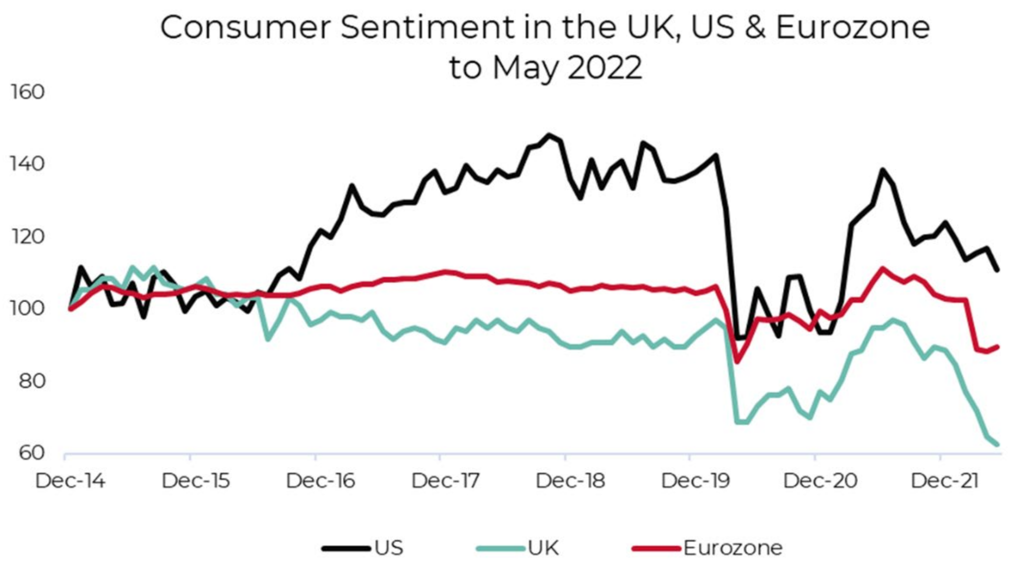
But they are not rising as quickly in Asia as elsewhere, and central banks, while alive to the issue, are not being forced to be so aggressive. It also helps, with respect to bond yields, that the emerging region has not been operating with 'ultra' low rates and thus the upward shift in sovereign bond yield curves has been less of a change. In China's case, sovereign bond yields this year are flat and moving down and the short end (up to 1 year maturity) in anticipation of monetary easing.

The impact on business confidence has been apparent in recent months, with a pronounced decline from expansion (a reading above 50) in developed markets. The impact of lockdowns in China can be seen in the dip in the black line, as can the impact of stimulus efforts in the last three months:



Sources: Official Government/Central Bank statistics

Consumer confidence in developed markets can also be gauged:



Sources: US – Conference Board; UK – GFK; Eurozone – European Commission. Rebased to Dec 2014 = 100

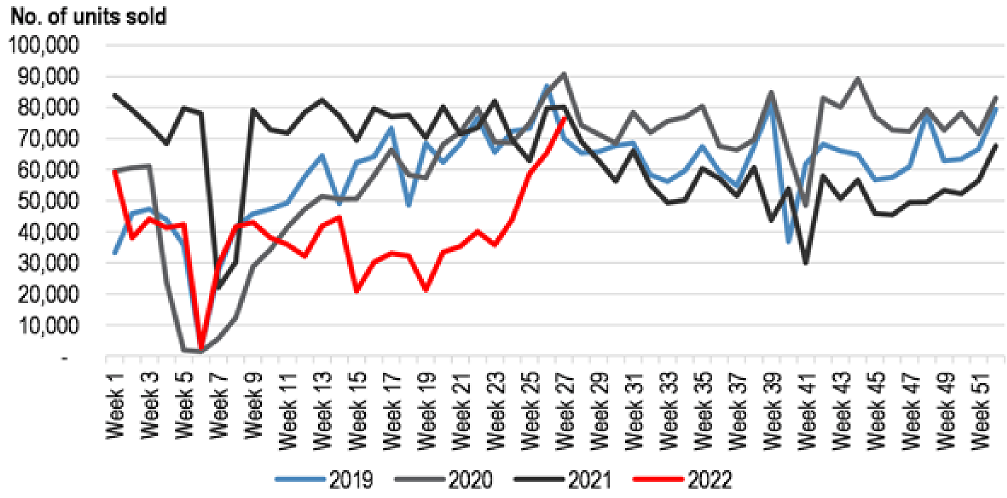
The drop in Chinese consumer confidence is something we would have expected to see given the scale of the lockdowns and upheavals in the property market. It is also something the policymakers are keen to address as a priority, especially ahead of the government Congress in October:

e

Sources: China – National Bureau of Statistics; Korea – Bank of Korea. Rebased to Dec 2014 = 100

The most recent indications from China show that a recovery in the residential property market is indeed underway. The red line in the chart below shows a smart pick up in unit sales in the top 60 cities in both absolute terms and compared to the same time of year in the last three years:

Residential Property Sales in Top 10 Chinese Cities

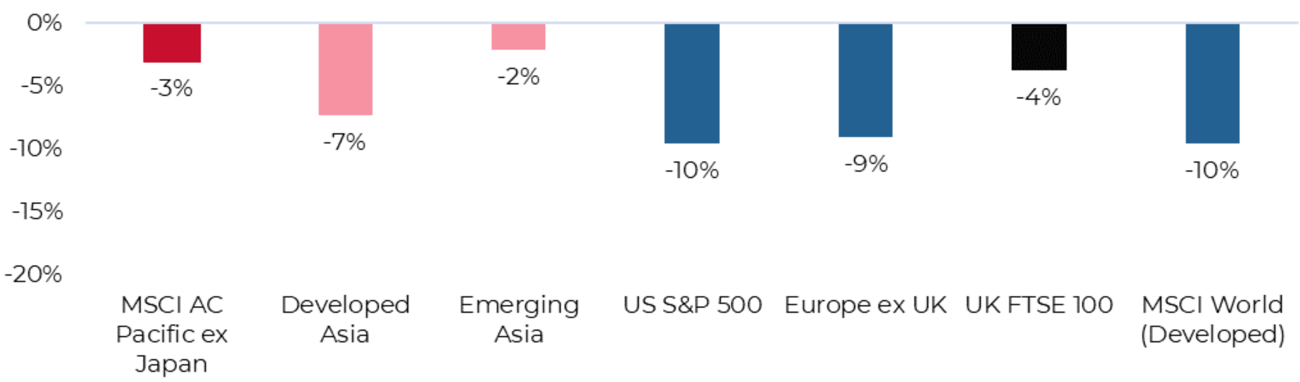


Source: CREIS, JP Morgan Research

ASIAN MARKETS REVIEW

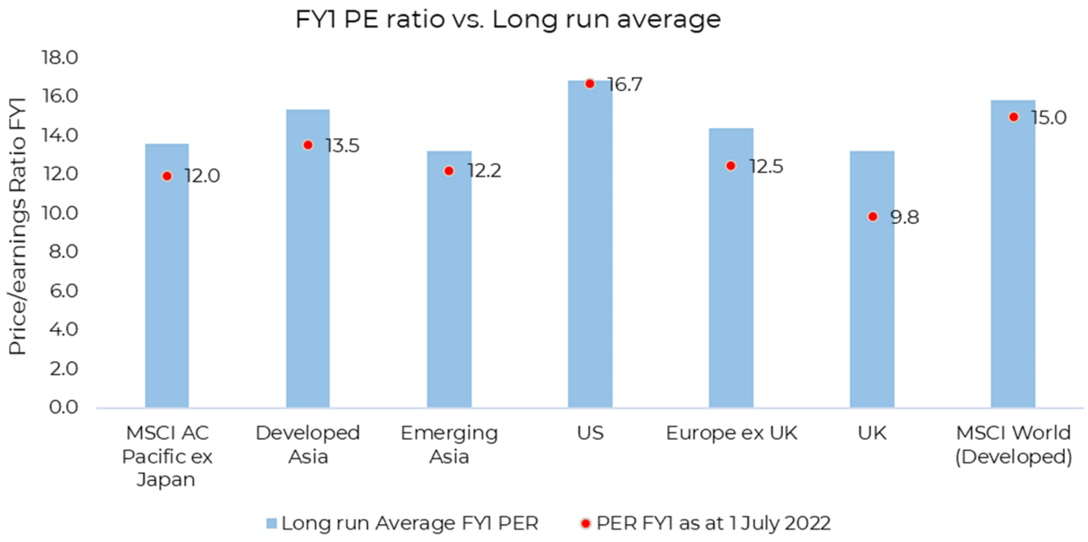
Asia held up better than the other major regions in the quarter and was also marked by a reversal in the relative fortunes of Developed Asia versus Emerging Asia. Developed Asia was dragged lower by Australia (61% of that index), which fell -11.6%, while Emerging Asia was supported by China (44% of EM Asia), which climbed +11.6%.

2Q 2022 Market Net Total Returns in GBP



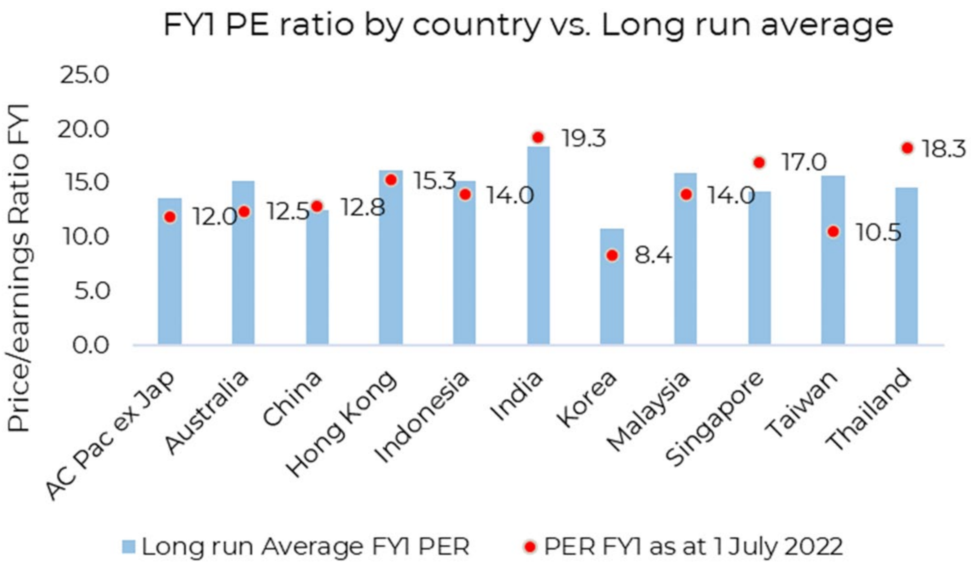
Source: Bloomberg. Developed Asia as measured by MSCI Pacific ex Japan NTR Index, Emerging Asia by MSCI EM Asia NTR Index, US by S&P 500 NTR Index, Europe ex UK by MSCI Europe ex UK NTR Index and UK FTSE 100 NTR Index all in US dollar terms to 30/06/22.

The region's forward Price Earnings Ratio (PER) has come down from 12.8x estimated forward earnings at the end of the first quarter to 12.0x. This is less severe than the contraction in the Developed Asia valuation, which is down from 16.1x at the end of March, or for the US, which was 19.1x, and Europe, which was 14.5x.



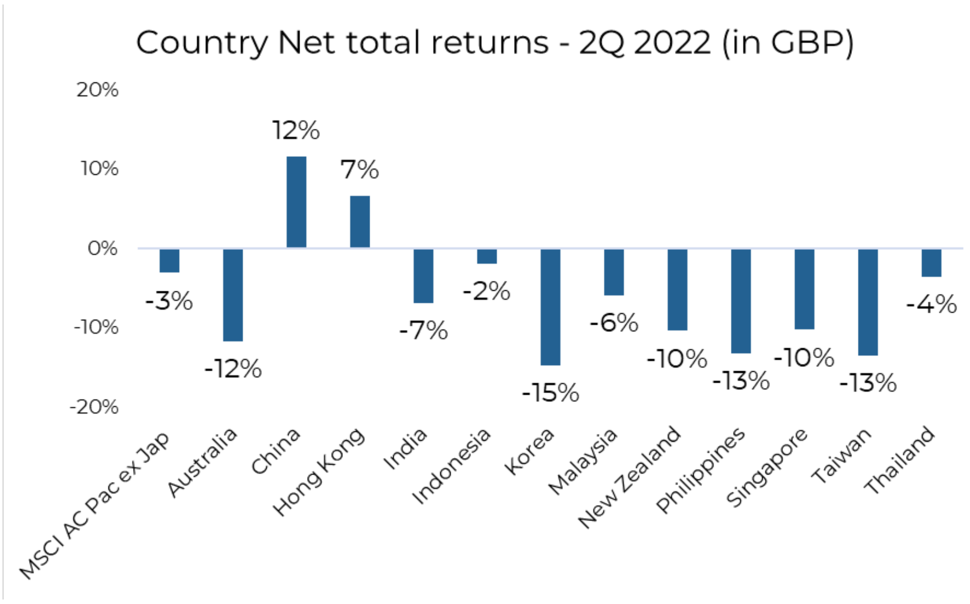
Source: Bloomberg. Data as of 1 July 2022

Australia's fall was led by a 14% drop in Financials and Materials (33% and 24% of the market respectively) and by an 18% decline in Real Estate (6% of the MSCI Australia Index). The PER of Emerging Asia contracted a little, from 12.7x to 12.2x, with China moving up from 10.5x to 12.5x, in line with its long-run average, offset by falls in India and Taiwan. The expansion in China's PER has been driven both by market recovery and downward revisions to 2022 earnings estimates to -1% for the full year after the disruptions in the first half. The market is looking forward to a stronger earnings growth estimated by the consensus to be 16% in 2023 and 14% in 2024.



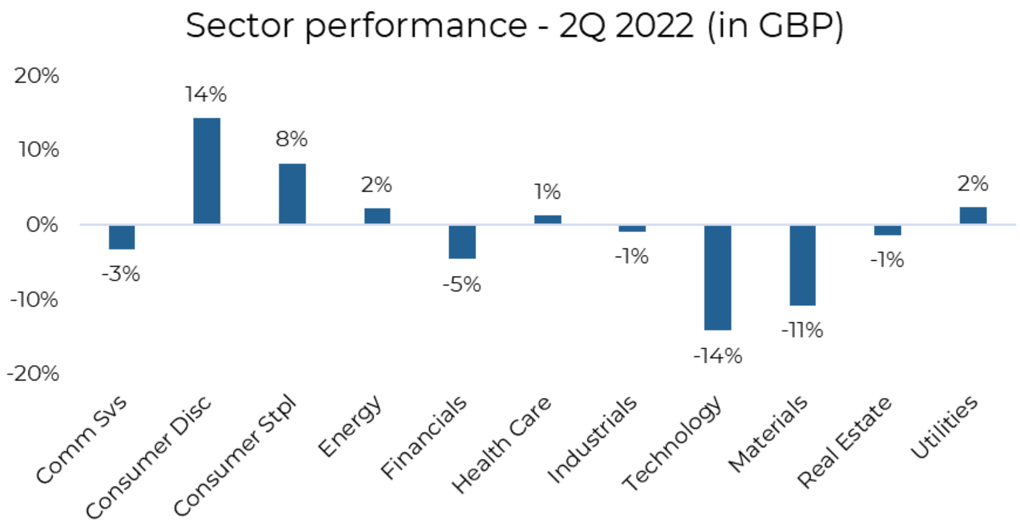
Source: Bloomberg. Data as of 1 July 2022

The charts below show the country and sector performances over the second quarter:



Source: Bloomberg. MSCI Country Index performance data as of 30 June 2022

Sector performance is shown in the chart below:



Source Bloomberg. MSCI AC Pacific ex Japan sector performance data as of 30 June 2022

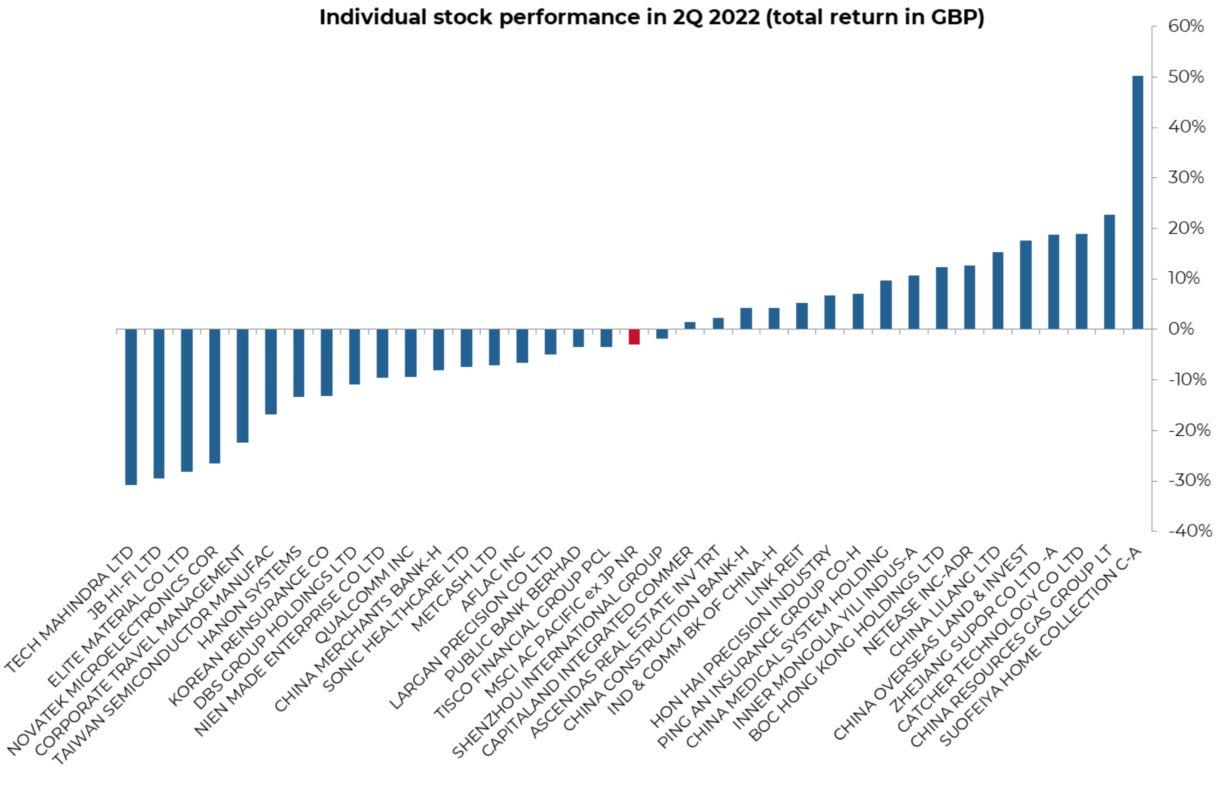
PERFORMANCE

Easing of lockdown restrictions and policy support made China the best-performing market during the quarter. This is reflected in eight Chinese companies among the top 10 performers over the period. The other two were Catcher Technology in Taiwan and BOC (Bank of China) Hong Kong. It is worth noting that although we do not hold the most widely known Chinese names which led the rally, six out of the eight outperformed China and all but one outperformed the benchmark. This was important in offsetting weakness elsewhere to deliver outperformance for the quarter. As a reminder, the Fund also outperformed in the first quarter, when China was a significant underperformer; stock selection remains a key driver of performance.

The best performer was Suofeiya Home Collection and it provides a good example of our rebalancing process. Suofeiya sells home furnishings to both retail and commercial customers. The commercial customers are real estate developers who offer fully and partly furnished units for sale as well as unfurnished. Evergrande was a significant commercial customer and given its travails was unable to pay money owed to Suofeiya, which was forced to write off these debts. The amounts took out most of the 2021 profit. However, ongoing operations still grew over 20% and there was minimal effect on the cash flow and liquidity of the business. The company felt confident enough to maintain its dividend at the same level as the prior year and investors have rewarded the company with a 50% increase in the share price. We bought into the stock in 2020 and through the rebalancing process, have added to the position on weakness. The stock is a significant outperformer in 2022, over the past 12 months and since purchase.

Tech Mahindra was the top performer in 2021 and has been our weakest this year. The stock has not given back all its gains and is still an outperformer over the last eighteen months, but this year has been challenging, with lower margins as staff costs have risen. Under the rebalancing process, we were able to lock in gains as the stock rose in 2021 and we have added to it on weakness this year. The shares do not trade on such high valuations as some of the other Indian IT services peers, but it should be acknowledged that their returns on capital are also not as high. We still like the company because the structural story enabled by the technology advances in 5G telephony offers a good long-term case in a segment in which Tech Mahindra in particular, has a strong position. The company maintained its dividend at last year's level, which put the stock on a 3% yield at the end of the quarter, comfortably higher than peers and the Indian market.

The performance of ICBC, which replaced KT&G, has been satisfactory. It outperformed both the market and the stock it replaced over the quarter and since the time of the switch in mid-January.



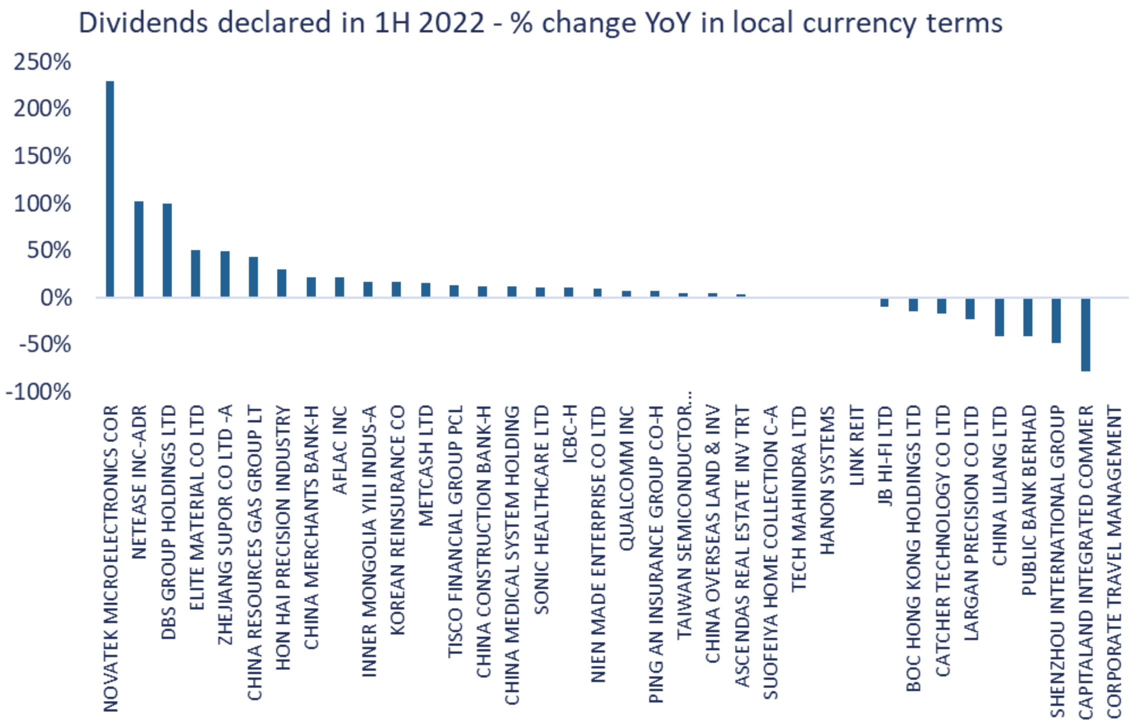
Sources: Bloomberg. Data as of 30 June 2022.

DIVIDENDS

35 companies declared dividends during the first half of the year:

- 23 companies increased
- 3 were unchanged
- 9 fell
- 1 omitted

The chart below shows the year-on year percentage change in the dividends declared in local currency terms. There were no negative surprises during the quarter. The main changes since March have been on the positive side, with a substantial increase from Novatek Microelectronics, which follows two years of very strong earnings growth, and from DBS in Singapore, whose dividend has now been fully restored and then increased. In addition, mainland China companies Zhejiang Supor (kitchenware) and Inner Mongolia Yili (dairy) reported 50% and 17% dividend growth respectively. Perhaps more significantly, Suofeiya Home Collection, as discussed above, maintained its dividend at the same level as last year. Corporate Travel Management's dividend is still suspended but the company is on track for a restoration as operations continue to recover.



Sources: Company reports. DPS declared, in local currency terms

PORTFOLIO REVIEW

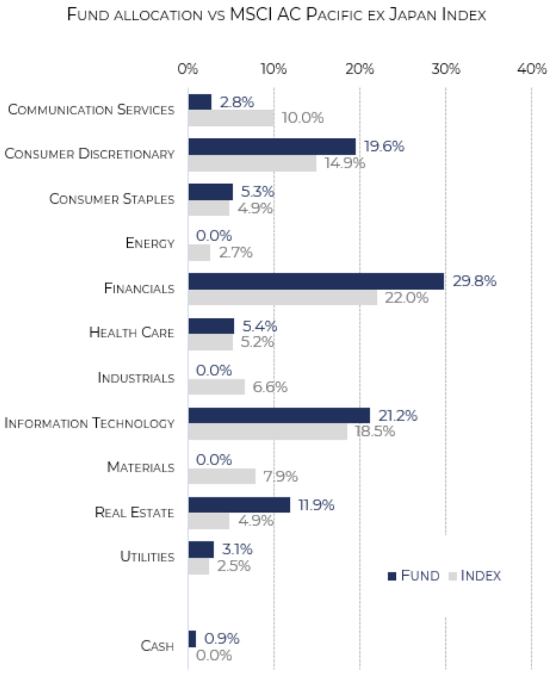
There were no changes to the portfolio during the quarter.

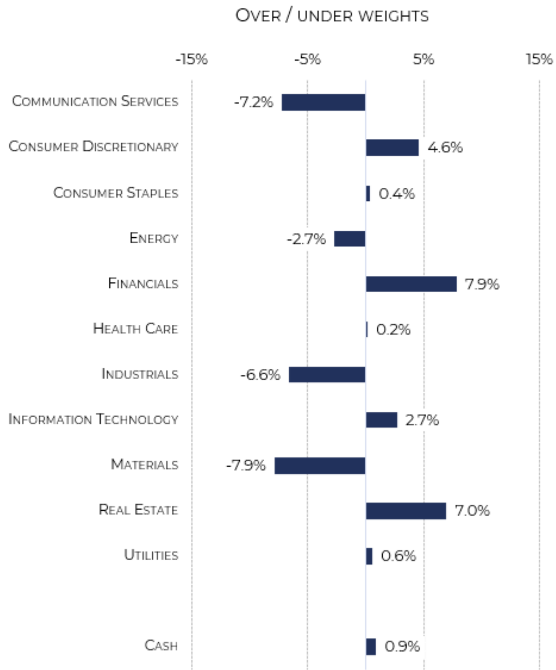
The charts below show the allocation of the Fund versus the benchmark.

To consider it another way, the Fund is 70% focused on regional sales and 30% exposed to overseas markets, as discussed at the beginning of this report.

There is a 70% exposure to Emerging Asia, which if we look through the revenue streams of DBS in Singapore could be adjusted to 73%, and 30% exposure to Developed Asia (27% if adjusted).

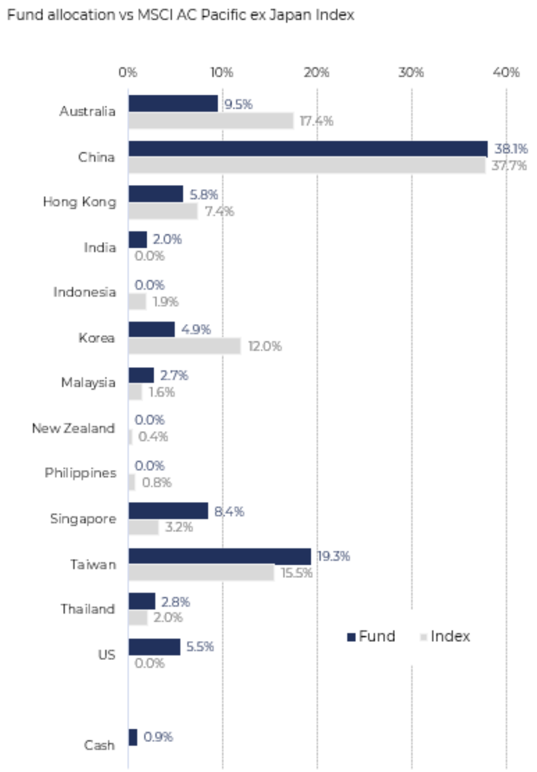
The split between Consumer and non-Consumer is more subjective. Most banks we treat as non-Consumer unless they lean heavily into consumer finance and private customers. In Insurance, we treat Life and Property & Casualty as primarily Consumer whereas Re-insurance we treat as non-Consumer. In the technology segment, some component makers supply commercial customers, but where the end products are mainly consumer electronics we categorise them as Consumer. We assess the split between Consumer and non-Consumer at the portfolio level to be 63% and 37%.

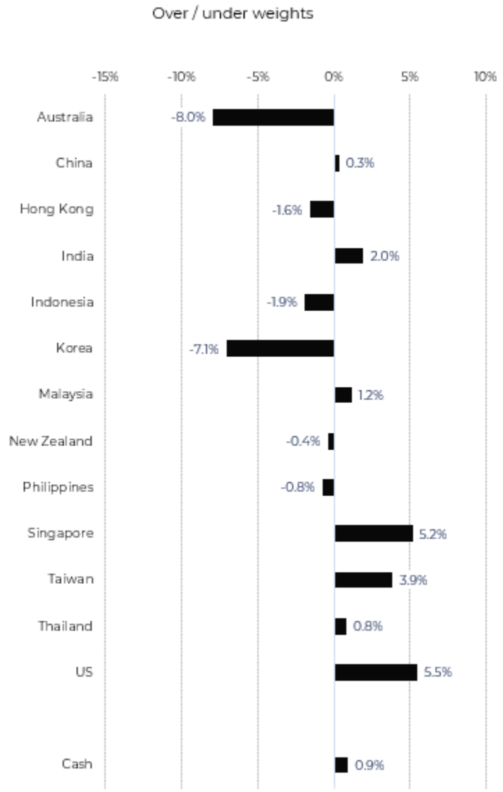




Sources: MSCI, Bloomberg, Guinness Global Investors. Data as of 30 June 2022

On a country basis, the heaviest overweight is our off-benchmark exposure to the US through Aflac (insurance) and Qualcomm (semiconductors), which derive the bulk of revenues from Japan and China respectively. Singapore is the next largest overweight, although our holdings in Ascendas REIT and DBS Group generate significant revenues from the region outside Singapore. The main underweights are to Australia and Korea.





Sources: MSCI, Bloomberg, Guinness Global Investors. Data as of 30 June 2022

OUTLOOK

We have discussed our views on the outlook earlier in this report, so we will not repeat them here. But it is against this backdrop of linked but diverging fortunes that we re-emphasise the importance we place on keeping to our process. At the end of last year and into the first part of 2022, cyclical stocks such as Energy and Materials did very well. However, this performance was not sustained. The earnings outlook for Materials stocks for 2023 and 2024 is for double-digit declines, and Energy stocks too may become vulnerable if the current high oil and gas prices lead to demand destruction.

Our focus remains on companies that can show a more stable profit and return on capital profile over time. The performance and stability of these management teams and their operating assets are the engine that generates the cash flows for reinvestment and, we hope, dividend growth. At a time when inflation and interest rates bite into the present value of future earnings and of flat or fixed income streams, the value to investors of such companies becomes greater.

The businesses in which we are invested are mature and efficient and generate strong cash flows today that are above their re-investment needs and so are available for distribution. We think that having demonstrated excellence over the last eight to 10 years in changing environments that have been at least as challenging as today, these companies can continue to perform.

The combination of steady operating performance at the micro level combined with stock valuation weakness as the macro level creates an investment opportunity. However, to convert that opportunity into positive returns means we must focus on getting our company analysis right and then wait for the market to come round to our way of thinking. The recent outperformance of the Fund over the Asian Value (cyclical) Index and the Asian High Dividend Yield Index suggests to us that the market is now moving in our direction.

The table below shows the Fund's earnings, valuation and yield metrics as at the end of the quarter against Asian and international benchmarks.

	EPS % Chg			Valuation		Yield - 2021 Historic		DPS % CAGR
	2018-20	2021-23	Fund % p.a. Premium/ discount	2022 PE	Fund % Premium/ discount	Y Share class USD	Fund % Premium/ discount	2021-2023E
Fund	-1.8%	4.9%		9.8		4.3%		
MSCI AC Pacific ex Japan	-19.9%	9.3%	-4.0%	12.0	-18%	3.2%	37%	12%
MSCI Developed Asia	-43.6%	18.8%	-11.7%	13.5	-28%	4.6%	-5%	6%
MSCI Emerging Asia	-10.3%	8.0%	-2.9%	12.2	-20%	2.4%	80%	15%
US S&P 500	-9.8%	13.5%	-7.6%	16.7	-41%	1.7%	157%	11%
MSCI Europe ex UK	-26.9%	11.4%	-5.8%	12.5	-21%	3.4%	27%	14%
UK FTSE 100	-56.3%	18.9%	-11.8%	9.8	0%	4.1%	5%	1%
MSCI World (Developed)	-17.5%	10.4%	-5.0%	15.0	-34%	2.2%	96%	10%

Source: Bloomberg. All figures in USD as of 30 June 2022. Historic yield for the Fund is based upon USD income distributed for 2021 divided by the Fund (Y USD) share price as of 30 June 2022. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

Portfolio managers

Edmund Harriss

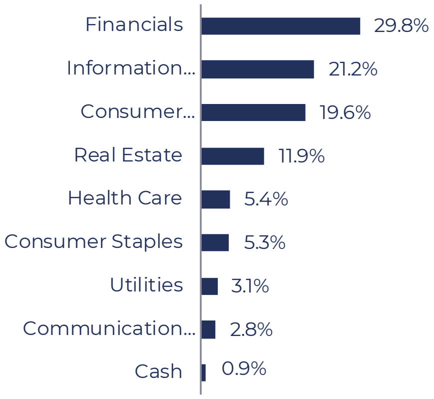
Mark Hammonds

PORTFOLIO

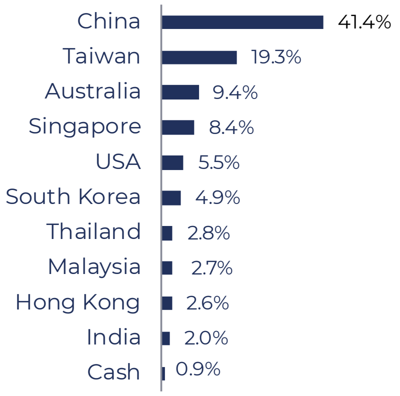
Fund top 10 holdings

ICBC	3.8%
China Overseas Land	3.6%
Novatek Microelectronics	3.6%
Suofeiya Home Collection	3.6%
China Medical System	3.3%
BOC Hong Kong	3.2%
Ping An Insurance	3.2%
China Resources Gas Group	3.1%
China Merchants Bank	3.0%
China Construction Bank	3.0%
% of Fund in top 10	33.3%
Total number of stocks in Fund	36

Sector analysis



Geographic allocation



PERFORMANCE

Past performance does not predict future returns **30/06/2022**

Discrete 12m % total return (GBP)	Jun '22	Jun '21	Jun '20	Jun '19	Jun '18	Jun '17	Jun '16	Jun '15
Fund (Y class, 0.89% OCF)	-1.25	25.74	-6.56	5.30	4.97	25.73	8.22	22.29
MSCI AC Pacific ex Japan Index	-15.06	23.25	4.35	3.94	8.13	29.29	5.24	7.59
IA Asia Pacific ex Japan	-10.76	27.14	2.59	4.25	7.48	28.75	5.36	8.51

Cumulative % total return (GBP)	1 M	YTD	1 Year	3 Yrs	5 Yrs	Launch*
Fund (Y class, 0.89% OCF)	-1.70	-3.23	-1.25	16.03	28.23	123.21
MSCI AC Pacific ex Japan Index	-2.04	-5.99	-15.06	9.25	22.78	86.63
IA Asia Pacific ex Japan	-2.07	-6.30	-10.76	16.39	30.41	100.67

Annualised % total return from launch (GBP)

Risk analysis - Annualised, weekly, from launch on 19.12.2013, in GBP

30/06/2022	Index	Sector	Fund
Alpha	0	1.56	3.36
Beta	1	0.89	0.83
Information ratio	0	0.23	0.31
Maximum drawdown	-26.36	-24.54	-24.84
R squared	1	0.95	0.80
Sharpe ratio	0.26	0.35	0.44
Tracking error	0	3.52	6.78
Volatility	15.32	13.97	14.25

Fund returns are for share classes with a current Ongoing Charges Figure (OCF) stated above; returns for share classes with a different OCF will vary accordingly. Source: FE fundinfo bid to bid, total return (0.89% OCF). *Fund launch date: 19.12.2013.

Important information

Issued by Guinness Global investors, a trading name of Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority.

This report is primarily designed to inform you about equities and equity markets invested in by the Guinness Asian Equity Income Fund. It may provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report.

This document is provided for information only and all the information contained in it is believed to be reliable but may be inaccurate or incomplete; any opinions stated are honestly held at the time of writing, but are not guaranteed. The contents of the document should not therefore be relied upon. It should not be taken as a recommendation to make an investment in the Fund or to buy or sell individual securities, nor does it constitute an offer for sale.

Risk
The Fund invests only in stocks of companies that are traded on Asian stock exchanges or that do at least half of their business in Asia; it is therefore susceptible to the performance of that region, and can be volatile. Details on the risk factors are included in the Fund's documentation, available on our website at guinnessgi.com/literature. Shareholders should note that all or part of the fees and expenses will be charged to the capital of the Fund. This will have the effect of lowering the capital value of your investment.

Documentation
The documentation needed to make an investment, including the Prospectus, the Key Investor Information Document (KIID) and the Application Form, is available in English from www.guinnessgi.com or free of charge from:-

- the Manager: Link Fund Manager Solutions (Ireland) Ltd (LFMSI), 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland; or,the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

LFMSI, as UCITS Man Co, has the right to terminate the arrangements made for the marketing of funds in accordance with the UCITS Directive.

Investor Rights
A summary of investor rights in English is available here:https://www.linkgroup.eu/policy-statements/irish-management-company/

Residency
In countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients. **NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.**

Structure & regulation
The Fund is a sub-fund of Guinness Asset Management Funds PLC (the "Company"), an open-ended umbrella-type investment company, incorporated in Ireland and authorised and supervised by the Central Bank of Ireland, which operates under EU legislation. If you are in any doubt about the suitability of investing in this Fund, please consult your investment or other professional adviser.

Switzerland
This is an advertising document. The prospectus and KIID for Switzerland, the articles of association, and the annual and semi-annual reports can be obtained free of charge from the representative in Switzerland, Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel. +41 22 705 11 77, www.carnegie-fund-services.ch. The paying agent is Banque Cantonale de Genève, 17 Quai de l'Ile, 1204 Geneva, Switzerland.

Singapore
The Fund is not authorised or recognised by the Monetary Authority of Singapore ("MAS") and shares are not allowed to be offered to the retail public. The Fund is registered with the MAS as a Restricted Foreign Scheme. Shares of the Fund may only be offered to institutional and accredited investors (as defined in the Securities and Futures Act (Cap.289)) ('SFA') and this material is limited to the investors in those categories

Telephone calls will be recorded and monitored